

September 15, 2010

ITEM NO. A1

**AUTHORIZATION TO EXECUTE CONTRACT WITH ERNST & YOUNG , LLP TO
PROVIDE INDEPENDENT AUDITING SERVICES**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to execute a fixed price contract with Ernst & Young, LLP ("E&Y") to provide independent professional auditing services to CHA for a two year base period for fiscal years ending December 31, 2010 and 2011 for an of \$1,420,000 with three additional one-year options.

AWARD/PROCUREMENT INFORMATION

Funding: General Funds

Vendor: Ernst & Young LLP
233 South Wacker Drive
Chicago, Illinois 60606

Date Advertised: 6/28/10, 6/30/10 & 7/2/10

Date Bids/Proposal opened: 7/28/10

Addendum Issued: Yes

Pre-Proposal Conference: Yes

Advertisement Publications : Chicago Sun

Times, Chicago Defender, & El Dia

Number of Vendor Solicited: 5

Number of Pick Ups: 24

Number of Proposals Received: 4

RFP No: 10-00552

Contract Type: Auditing Services

Contract Amount: \$1,420,000

Contract Term: Two (2) years; November 10, 2010 – November 11, 2012

Option Periods: Three (3) one-year options

M/W/DBE Participation and Section 3

Direct 20% MBE 10% WBE 10%

Indirect MBE WBE

Waiver No

Section 3: (1) Hiring () Subcontracting () Other Economic Opportunities

GENERAL BACKGROUND

The Chicago Housing Authority is required to undergo an annual audit in conformity with Generally Accepted Auditing Principles, Government Auditing Standards issued by the Comptroller General of the United States and provisions provided in the Office of Management and Budget Circular A-133. The audit is used to determine whether the CHA's financial data can be relied upon and the requirement promotes sound financial management, including

effective internal control, with respect to federal awards administered by state and local governments and not-for-profit organizations.

The current contract for independent auditing services will expire on November 9, 2010 and in an effort to comply with HUD's requirements, the CHA issued a Request for Proposal (RFP # 10-00552) to procure independent professional auditing required to:

1. Audit CHA's general purpose financial statements, including the Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets in conformity with General Accepted Auditing Standards and Government Auditing Standards.
2. Audit CHA's federal program revenues and expenditures in accordance to OMB Circular A-133 Audits of States, Local Governments and Non-profit Organizations
3. Complete auditor required procedures for HUD's Real Estate Assessment Center (REAC) Financial Data Schedule (FDS) reporting and annual filings to Federal Audit Clearinghouse

PROCUREMENT HISTORY

The RFP for Internal Auditing Services (RFP #10-00552) was released on June 28, 2010, advertised in the Chicago Sun Times, Chicago Defender, and El Dia newspaper on various dates. The solicitation was also sent to five vendors. Twenty four vendors accessed the RFP, with four (4) proposals received on July 28, 2010. An initial evaluation was done by an evaluation committee of five (5) staff, after which three (3) firms were determined to be in the competitive range. Oral discussions were conducted with the 3 firms in the competitive range and the evaluation team scored the information presented by each firm. Best and final offers were requested and received from each firm. Based on the evaluation committee scores, and Best and Final Offers, Ernst & Young was determined to be the best overall respondent whose proposal's technical factors and pricing were most advantageous to the CHA.

During the past five years under its previous contract with CHA, E&Y met its contract requirements with CHA and has performed all tasks expected of the independent auditors. E&Y utilized expertise from its various audit practices to deliver key solutions to critical accounting and financial issues on behalf of the CHA. E&Y has readily shown its ability and willingness to provide independent professional auditing services to the CHA for the contract term, November 10, 2010 through November 11, 2012.

Based on the foregoing, it is in the best interest of the CHA to award form fixed price contract to Ernst & Young, LLP for the period November 10, 2010 to November 11, 2012 to provide independent professional auditing services for an amount of \$1,420,000 with three additional one-year options.

RESOLUTION NO. 2010-CHA-104

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the memorandum dated September 15, 2010, entitled, "AUTHORIZATION TO EXECUTE CONTRACT WITH ERNST & YOUNG, LLP TO PROVIDE INDEPENDENT AUDITING SERVICES":

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute a firm fixed price Contract with Ernst & Young, LLP to provide independent professional auditing services for a base period of two years for fiscal years ending December 31, 2010 and 2011 for an of \$1,420,00 and with three one year options.

